From: RAYTROTT <raytrott@bellnet.ca>
Sent: Monday, October 25, 2010 9:25 AM
To: PosLimits <PosLimits@CFTC.gov>

**Subject:** the Crimex

October 25, 2010

U.S. Commodity Futures Trading Commissioners

3 Lafayette Centre

1155 21st St. NW

Washington, DC 20581

# Re: Meeting on Prohibition of Market Manipulation and Disruptive Trading Practices

### Commissioners:

I agree completely with the contents of Bill Weir's letter. It is finally time for you to act and end this maniplation. When news commentators and even people in general OPENLY start referring to the COT as the CRIMEX it really should be clear to all involved that "the jig is up."

It is time to act and to act decisively. If you do not do your job I eagerly await seeing what will happen to your positions and your reputations. Your names will go down in history as being complacent with and indeed implicated in the biggest fraud against the American people in history. I would not want to be in your shoes when your neighbours and your friends and associates finally figure out that you could have done something but were afraid to act and to did not do your JOB.

Ray Trott

**OCTOBER 24, 2010** 

U.S. Commodity Futures Trading Commissioners

3 Lafayette Centre

1155 21st St. NW

Washington, DC 20581

# Re: Meeting on Prohibition of Market Manipulation and Disruptive Trading Practices

#### Commissioners:

On Tuesday, October 26, 2010, the CFTC will hold a meeting on proposed rules under the Dodd-Frank Act. (http://www.cftc.gov/PressRoom/PressReleases/pr5926-10.html) The first item on the posted agenda is the **Prohibition of Market**Manipulation and Disruptive Trading Practices. I would like to submit the following comment into the official record.

This proposed rule is at the heart of the current financial crisis and has the ability, if properly constructed and implemented regardless of all other new rules adopted, to end the ongoing rampant corruption in our global monetary system.

The financial crisis we find ourselves entangled in today did not manifest itself from a freely traded market but rather it arose from illegal market manipulation and disruptive trading practices. Although the mainstream news media is very quick to blame "speculators" or "bubble mentality" or "greed" as the culprits for all our woes, that is not the real story. There is plenty of room for all those in a free and open market and, as a matter of fact, they are very important parts of free markets.

The cause of this crisis sprang from the corruption and power at the very top of our financial and political hierarchy. It's the large banks and corporations that use and abuse the markets to make once free markets dance to their will. It is the computer market riggers at Federal Reserve Bank of New York, under the guise of "national security", with their "Primary Dealer" banks running their manipulation game plan while at the same time lining their own pockets. It is the people who pull the strings of our politicians, all the way up to the President, that manipulate our markets, our governments and our lives to suit their agenda.

If the CFTC is SERIOUS about ENDING market manipulation and disruptive trading practices then you must remove the tools utilized by those who pull the strings. Pull no punches and take no prisoners.

Here are some of my suggestions for ENDING the manipulation and disruptive trading practices that go on EVERYDAY in the gold and silver markets:

1) Limit Individual Trading Volumes - Metal futures and options trade in GIGANTIC volumes everyday mostly generated from a hand full of large players trading high volumes back and forth to control the prices. Often these trading volumes are used to whipsaw the prices of the underlying metals in attempts to deliberately "sucker in" or "shake out" weak hands. This has to be stopped. Here is

an example of a 5 minute COMEX trading manipulation I wrote about recently:

### **Nuts & Bolts of COMEX Silver Manipulation**

http://www.roadtoroota.com/public/367.cfm

Clearly there was market manipulation afoot here but this is just a SMALL example. This same technique is performed on much, much larger scales. This can be stopped by placing limits on individual trading volumes such that larger players cannot place large blocks of orders for manipulative purposes.

There should be significant limits and rules around these areas:

- Limits to the size of trades by contract and value
- Time frame parameters for large volume trading
- Full public reporting on all trades placed with time executed
- Waiting periods to REVERSE positions after executing a large trade
- Require CFTC approvals for all large market transactions

Until the CFTC gets the MASSIVE TRADING VOLUMES under control there will be no stopping the manipulations.

2) Monitor and Analyze Large Price Moves - This seems like such an easy and obvious thing to do yet the CFTC seems to have trouble recognizing manipulation even though the rest of the market participants have no trouble recognizing the obvious rigging. Gold and silver prices should NOT be so volatile. Gold and silver mine supply is one of the most stable variables in the entire commodity complex. It is not drastically effected by weather or OPEC or obsolescence so WHY are the price so massively volatile UNLESS they are manipulated?

You must analyze the following issues on every large price move:

- What or who started the disruptive move
- Who were the biggest players involved in the move
- Who switched positions during the move
- Who benefited from the move
- Is there any outside justification for the move

- What were the consequences of the move

Once you answer these you'll start to understand why you received 3,000 complaints about silver market manipulation at the CFTC metals hearing last spring.

3) Stop The Collusion - It is well know that the large players in gold and silver collude to rig the markets. To deny this fact, as a market regulator, only shows that you do not understand the markets you are supposed to be regulating. The problem lies in the fact that PROVING COLLUSION is one of the hardest things to do in securities law enforcement. Usually it is only accomplished through a sting operation or with the help of a whistle blower from the inside.

#### WELL YOU GOT BOTH WITH THE ANDREW MCGUIRE BOMBSHELL!!!

Andrew McGuire risked his life (literally) by blowing the whistle on JP Morgan for rigging the silver market. He told you who, he told you when, he told you how and it all happened as he said, exactly when he said. This is an open and shut case..BUT YOU REFUSE TO FILE CHARGES!!!

This is NOT an isolated instance of some rogue trader (as I'm sure Blythe Masters claims). This is what THOUSANDS of market participants have been screaming about for over 10 years! It is obvious, blatant and happens repeatedly on a "free market" that is affectionately know at "THE CRIMEX".

Here's my solution to solve the difficulty in proving collusion: OFFER SUBSTANTIAL, GET RICH TYPE, REWARDS TO BONAFIDE WHISTLE BLOWERS.

And then you should DO YOUR JOB when they come forward.

3) Conflicts of Interest - One of the most glaringly obvious TOOLS for market manipulation is the storing and recording of gold and silver by the large market participants. Investors that analyze these markets study the availability of physical metal to help them make educated decisions on supply and demand factors. The two largest known storage platforms are in the COMEX Approved Warehouses and at the gold and silver ETF's.

If you analyze the OWNERSHIP of the four COMEX approved warehouses they are dominated by some of the same large bullion trading banks. HSBC, Scotia Mocotta, Bank of America, etc. many of whom are knee deep in the allegations of manipulation of gold and silver. Many people are perplexed by the movement (or lack thereof) of physical metal that is reported to go in and out of the COMEX warehouse. The problem is that there are no guidelines, rules or regulations that these warehouse controllers are required to follow so there is nothing to stop them from using and distorting this insider information when trading for their own book. I

discuss this issue here:

## When the Music Stops...Who's Got The Silver?

http://www.roadtoroota.com/public/146.cfm

If you REALLY want to end market manipulation you should require that all "OFFICIAL" COMEX warehouses NOT be owned or controlled by the large market participants in those markets.

Now to the real problem. The ETF metal storage "custodians" are the very same entities that dominate the short side of gold and silver. I know of NO JUSTIFICATION for these two very conflicting positions to be allowed to occur as both JP Morgan and HSBC are only "Custodians" of the SLV and GLD metal... NOT the legal owners!

It is understood by most investors that the ETFs are NOT meant to be any type of claim to the underlying physical metal but does that give these two SHORT GORILLAS any excuse for their short positions to be JUSTIFIED by their Custodianship position in GLD and SLV? They are just the "custodians" of this metal and NOT the sole legal owners so for them to claim that this is their metal to hedge as they wish is far fetched at best.

I have repeatedly pointed out this problem to the CFTC yet you have refused to stop this practice:

## **Physical Metal Hedging & Metal ETFs**

http://www.roadtoroota.com/public/225.cfm

Unfortunately, it looks like the CFTC plans to continue to allow JP Morgan and HSBC to use this metal to support their truly naked short position based on this rule proposal:

http://www.cftc.gov/LawRegulation/FederalRegister/ProposedRules/2010-24586.html

IF this is how the CFTC plans to ensure that we can have markets free from manipulation you are making your job MUCH, MUCH more difficult than it has to be. If you continue to allow this practice YOU'D BETTER SEND IN THE "TRUTH SQUAD" TO DRILL AND VERIFY EVERY SINGLE BAR OF .999 METAL THEY CLAIM TO OWN.

Otherwise you're just kidding yourselves and plan on NOT assuring free markets in the future.

4) Computer Trading Manipulation - I'm gonna just come out and say it...THERE CAN BE NO FREE MARKETS WHEN COMPUTER TRADING IS INVOLVED. Full stop. Computer trading must be outlawed as it distorts markets more than any other tool. For those who think that computers are necessary in markets I'd have to call your bluff. Free and open markets have been around for thousands of years where as computer market trading has only been around for a few decades. Sure, use computers to store records and account for positions but actively trading on computer algorithms with millions of transactions at the speed of light? NO WAY!!! It serves no productive purpose in a free and open market.

You want free markets again? THEN SHUT OFF THE COMPUTERS!

I hope this helps you frame any rules and regulations you might be considering to end market manipulation and disruptive trading practices. Call me crazy but I am still, after all these years, a believer in the potential of the CFTC to bring free markets back to America.

The CFTC is now charge of structuring our new future...please do it wisely.

Bix Weir www.RoadtoRoota.com